

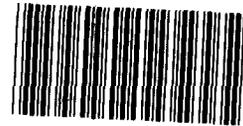
GAO

Report to the Committee on Finance,
U.S. Senate

September 1991

WELFARE TO WORK

States Begin JOBS, but
Fiscal and Other
Problems May Impede
Their Progress



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United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

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September 27, 1991

The Honorable Lloyd Bentsen
Chairman, Committee on Finance
United States Senate

The Honorable Bob Packwood
Ranking Minority Member
Committee on Finance
United States Senate

As you requested, we reviewed states' implementation of the Job Opportunities and Basic Skills Training (JOBS) Program. Specifically, we studied states' progress in implementing JOBS, decisions by states about which welfare recipients to serve and what services to provide, states' views on implementation problems or difficulties, and the nature and extent to which the Department of Health and Human Services is providing technical assistance to the states.

In this report, we present the final results of our review. In general, we found that states have made significant progress in establishing JOBS programs and have moved in new directions to assist welfare recipients in becoming self-sufficient. The states are experiencing difficulties, however, that could (1) reduce the potential of JOBS and (2) slow progress in helping participants avoid long-term welfare dependence.

We are sending copies of this report to the Secretary of Health and Human Services, the Assistant Secretary for Children and Families, commissioners of state welfare agencies, and directors of state JOBS programs. We will also make copies available to others on request.

If you have any questions about this report, please call me on (202) 275-6193. Other major contributors to this report are listed in appendix III.

Joseph F. Delfico
Director, Income Security Issues

Executive Summary

Purpose

In 1988, the Congress made sweeping changes to federal policy concerning poor families when it passed the Family Support Act (P.L. 100-485). The centerpiece of the act, the Job Opportunities and Basic Skills Training (JOBS) Program, is intended to transform the nation's welfare system by refocusing the role it plays in helping families in poverty. JOBS requires states to provide parents and teens receiving Aid to Families With Dependent Children (AFDC) the education, training, work experience, and supportive services they need to move toward self-sufficiency and help avoid long-term welfare dependence. JOBS embodies a new consensus that the well-being of children depends not only on meeting their material needs, but also on their parents' ability to become economically self-sufficient. In fiscal year 1991, federal expenditures for JOBS and related child care are expected to be about \$807 million.

The Chairman and Ranking Minority Member of the Senate Committee on Finance requested that GAO review (1) states' progress in implementing JOBS, (2) states' decisions about which recipients to serve and what services to provide, (3) states' views on implementation difficulties, and (4) the nature and extent of technical assistance that the Department of Health and Human Services (HHS) is providing states.

Background

Since 1968, the federal government has required states to operate programs to help AFDC recipients obtain employment. These welfare-to-work programs often served too few individuals and emphasized quick and inexpensive services, such as job search, for those with marketable skills rather than services that enhance the knowledge and skills of those with barriers to employment. Such barriers include (1) low educational and literacy levels and (2) a lack of work skills and experience.

JOBS attempts to correct for some of the weaknesses of previous welfare-to-work programs. It requires each state to offer a broad range of services to AFDC recipients, including education, job skills training, and job readiness activities. In addition, states must provide child care and other supportive services necessary for individuals to participate in the program. States were required to establish their JOBS programs by October 1990 and make them operational statewide by October 1992.

JOBS program costs are shared between the federal and state governments. The federal share of a state's program costs is reduced if a state fails to serve a certain percentage of its AFDC recipients or fails to spend at least 55 percent of its JOBS funds on specific target groups, which include teen parents and long-term welfare recipients. In addition to new

federal JOBS funds, the act also makes federal AFDC funds available to help states with child care costs.

To obtain information on state implementation of JOBS, GAO surveyed JOBS administrators in the 50 states and the District of Columbia and interviewed officials at HHS, state and local welfare agencies in 7 states, and poverty and welfare interest groups in Washington, D.C. GAO analyzed this and other information gathered from its review of selected literature on welfare reform.

Results in Brief

States have made significant progress establishing their JOBS programs, but are experiencing difficulties that could reduce the program's potential and slow states' progress in helping people avoid long-term welfare dependence. All states had programs in place by the mandated implementation date of October 1990, and 31 were operating statewide in October 1990, 2 years earlier than the legislative requirement for programs to be operating statewide. In addition, most states are moving in new directions indicated by the Congress, such as making education and training important program components and targeting services to those with employment barriers. However, in their first year of implementing JOBS, states have reported experiencing, or expecting to experience, some difficulties, including shortages of such services as basic/remedial education and transportation. HHS has provided, and continues to provide, states with technical assistance to help them with their difficulties. However, service and funding shortages and poor economic conditions could decrease states' abilities to operate JOBS and slow their progress.

Principal Findings

States Made Progress Establishing JOBS

As of October 1990, all states had established their JOBS programs. Thirty-one had reported that they had met the requirement to operate JOBS statewide, 2 years ahead of the deadline. GAO estimates that in October 1990, 85 percent of the nation's adult AFDC recipients lived in areas served by JOBS programs. (See p. 18.)

GAO estimates that in fiscal year 1991, the federal government and states will spend about \$1 billion on JOBS and an additional \$356 million on JOBS-related child care. These moneys, however, represent only a portion of the total state, local, and federal resources used to provide services to JOBS participants. About one-half of the states reported heavy

reliance on education and training services paid for by organizations and programs other than JOBS. (See pp. 19-24.)

States Move in New Directions Indicated by the Congress

JOBS indicates new directions in federal policy for states to pursue in operating their welfare-to-work programs. These new directions include (1) serving required proportions of AFDC recipients, (2) targeting those with barriers to employment, (3) making education and skills training important elements to help individuals become self-sufficient, and (4) providing child care assistance to enable participation. (See pp. 12-13.)

States reported they are moving in the new directions indicated by the Congress. Almost all states plan to serve the required proportion of AFDC recipients in fiscal year 1991 to avoid federal financial penalties. Forty-five states cited an emphasis on serving one or more of the new target groups, such as teen parents and long-term welfare recipients. And almost half of the states reported shifting their program emphasis—from immediate job placement under previous welfare-to-work programs toward basic skills and long-term education or training under JOBS. In addition, of 31 states that had implemented programs before July 1990, 14 reported that more than 40 percent of JOBS participants received paid child care assistance during June 1990. (See pp. 24-28.)

States Cite Problems Implementing JOBS and Moving in New Directions

Although states are well on their way to extending the JOBS program nationwide, they report difficulties as they adjust their programs to meet new requirements and move in new directions. About half indicated they had shortages in alternative and basic/remedial education, especially in rural areas; over two-thirds cited child care and transportation as being in short supply. Also, about two-thirds indicated they are experiencing or anticipating difficulties scheduling enough participants and having adequate staff to serve the required proportion of individuals. In addition, to meet the targeting requirement, states must collect cost data from service providers and identify JOBS funds spent on the target groups; most states reported or expected this to be difficult. And virtually all states reported difficulty attempting to meet the new JOBS reporting requirements. Nearly 90 percent reported experiencing great difficulties developing information systems needed to meet the reporting requirements and manage their JOBS programs. (See pp. 31-41.)

To help states with JOBS implementation, HHS provided technical assistance on numerous topics, including participation, targeting, and financial reporting requirements. Although states report being generally

satisfied with the assistance received from HHS, many report a need for more technical assistance. As part of its continuing efforts to provide assistance, HHS has contracted with the National Alliance of Business to provide technical assistance to the states over a 3-year period. (See pp. 41-42.)

Service and Funding Shortages and Poor Economic Conditions May Impair States' Abilities to Operate JOBS and Slow Their Progress

Although it is too early to assess fully the implications of states' implementation difficulties, states indicated that service shortages are affecting their abilities to operate JOBS in certain areas and serve certain types of clients. For example, 39 states report operating JOBS in rural areas as difficult due to insufficient transportation. In addition, 36 states say shortages in infant care have made serving teen parents difficult. (See pp. 43-44.)

States' progress in helping participants become self-sufficient may be slowed by states' limited spending on JOBS and budget shortfalls. More than one-third of the federal JOBS funds available to states will go unused in fiscal year 1991 because many states are not planning to spend enough state and local moneys to obtain all of the federal funds available. JOBS spending may be further limited by the fiscal difficulties affecting many states. The National Governors' Association reports that 29 states had enacted or proposed cuts to their fiscal year 1991 state budgets. Fiscal problems in two states have slowed the influx of new participants into JOBS programs and limited the number of people who can become self-sufficient. (See pp. 44-46.)

States' progress in moving participants out of JOBS and into employment may also be slowed by poor economic conditions. At the time of GAO's survey, 75 percent of the states reported or expected a shortage of employment opportunities for those who complete JOBS training. As the national economy recovers, JOBS programs at the local level could still be confronted with insufficient employment opportunities for participants looking for work. (See p. 46.)

Recommendations

GAO is not making recommendations in this report.

Agency Comments

HHS generally agreed with GAO's report. GAO incorporated HHS's technical comments as appropriate. (See app. II.)

Contents

Executive Summary		2
Chapter 1		10
Introduction	JOB Strengthens Federal Commitment to Welfare-to-Work Programs	10
	Objectives, Scope, and Methodology	15
Chapter 2		18
States Made Progress Implementing JOBS	All States Implemented JOBS on Time and Most Moved Statewide Early	18
	States Rely on Increased Federal Spending and Existing Community Resources to Serve Participants	19
	States Move in New Directions	24
Chapter 3		31
States Report Implementation Difficulties	States Report Shortages of JOBS and Supportive Services	31
	States Report Difficulties With Targeting and Participation Requirements	34
	States Cite Difficulties Meeting Reporting Requirements and Building Needed Automated Information Systems	38
	States Want More Technical Assistance From HHS	41
Chapter 4		43
States' Progress May Be Slowed by Service Shortages, Limited Spending, and Poor Economic Conditions	Helping Large Numbers of JOBS Participants Become Self-Sufficient Will Take a Long Time	43
	Progress May Be Slowed by Service Shortages and Limited Spending	43
	Poor Economic Conditions May Slow States' Progress in Moving Participants out of JOBS and Into Employment	46
Related GAO Products		60
Appendixes		
	Appendix I: State Estimates of JOBS and Related Child Care Expenditures (Fiscal Year 1991)	48
	Appendix II: Comments From the Department of Health and Human Services	52
	Appendix III: Major Contributors to This Report	57

Tables

Table 1.1: Major Federal AFDC Welfare-to-Work Provisions Before and Under JOBS	12
Table 1.2: JOBS Funds Authorized by the Family Support Act of 1988	14
Table 2.1: Summary of State Implementation Dates and Statewide Status of JOBS Programs	18
Table 2.2: States' Estimated JOBS and Related Child Care Expenditures (Fiscal Year 1991)	21
Table 2.3: States' Stated Priorities for Serving Individuals Before and Under the JOBS Program	26
Table 2.4: States' JOBS Program Philosophies	27
Table 2.5: Approaches Used by JOBS Programs to Serve Teens	29
Table 3.1: Availability of Selected Education, Training, and Work Opportunities Experienced or Expected by States	32
Table 3.2: Availability of Child Care and Transportation Experienced or Expected by States	34

Figures

Figure 1.1: State JOBS Implementation Dates	16
Figure 2.1: Federal Spending for AFDC Welfare-to-Work Programs (Fiscal Years 1974-91)	20
Figure 2.2: Federal and State Shares of Estimated Expenditures for JOBS and Related Child Care (Fiscal Year 1991)	21
Figure 2.3: Amounts of Coordination Between States' AFDC Agencies and Other Service Providers	23
Figure 2.4: Proportions of JOBS Participants in Early Implementation States Receiving Paid Child Care Assistance (June 1990)	28
Figure 3.1: States' Expected Difficulty Meeting Future Participation Rates (Fiscal Year 1992 and Later)	37
Figure 3.2: States' Reported Difficulty Meeting JOBS Reporting Requirements	39
Figure 3.3: States' Experienced or Expected Difficulty in Developing Information Systems for JOBS	41
Figure 4.1: Estimates of Available Federal JOBS Funds to Be Spent by 31 States With Statewide Programs (Fiscal Year 1991)	45

Abbreviations

AFDC	Aid to Families With Dependent Children
CBO	Congressional Budget Office
CWEP	Community Work Experience Program
HHS	Department of Health and Human Services
JOBS	Job Opportunities and Basic Skills Training Program
JTPA	Job Training Partnership Act
WIN	Work Incentive Program

Introduction

The Family Support Act of 1988 (P.L. 100-485) requires all states to establish a Job Opportunities and Basic Skills Training (JOBS) Program to help welfare recipients obtain the assistance they need to become self-sufficient.¹ JOBS represents the federal government's latest and most comprehensive effort to transform the nation's Aid to Families With Dependent Children (AFDC) program into a system that helps families avoid long-term welfare dependence. Under JOBS, states must provide AFDC parents with the education, training, work experiences, and supportive services they need to increase their employability and assume responsibility for the support of their children. JOBS is designed to develop an effective nationwide welfare-to-work system while providing states enough flexibility to operate programs that reflect local needs.

JOBS Strengthens Federal Commitment to Welfare-to-Work Programs

JOBS represents a renewed federal commitment to welfare-to-work programs with new policy guidance and funding for states. Although states have operated welfare-to-work programs for over 20 years, the programs generally were not considered very effective in providing services to those most in need. JOBS provisions in the act (1) established new requirements concerning who is required to participate and what services must be offered and (2) authorized new federal funding to help states with their program costs.

Previous Welfare-to-Work Programs Served Few and Focused on Those Without Barriers to Employment

Since 1968, the federal government has required states to operate Work Incentive (WIN) programs for AFDC recipients considered employable. States could provide AFDC recipients with a range of services, including job search assistance, on-the-job and classroom training, public service employment, child care, and transportation assistance. Those required to participate were usually registered to receive employment-related services with the state employment service agency, which was jointly responsible with the state welfare agency for administering WIN.

Between 1981 and 1984, the Congress enacted legislation giving states several options for operating other welfare-to-work programs. Instead of WIN, a state could operate a WIN Demonstration program, which allowed the state welfare agency to administer the program on its own.

¹The Family Support Act revised the Social Security Act by repealing title IV-C (the Work Incentive Program), adding title IV-F (JOBS), and making changes to title IV-A, which governs the AFDC program. Other major provisions of the act strengthen child support enforcement; provide supportive assistance for AFDC families engaged in education, training, or employment; offer 1 year of transitional child care and medical assistance for families that leave AFDC due to increased hours of, or earnings from, employment; and require all states to provide at least 6 months of AFDC benefits to families with both parents.

States could also choose to offer additional programs and require participants to (1) work a certain number of hours to receive their AFDC benefits, (2) engage in job search, or (3) work for wages subsidized by AFDC benefit dollars.

Although most state programs served limited numbers and types of AFDC recipients, researchers showed that such programs could be effective. During the 1980s, many welfare-to-work programs were criticized for serving very few AFDC recipients and focusing on the most employable rather than those with barriers to employment, such as little or no work experience or limited education. Evaluations in several states, however, demonstrated that some welfare-to-work programs produced modest increases in earnings and employment for AFDC recipients and some welfare cost savings for taxpayers. Positive effects were greater for people with employment barriers than for those considered the most employable. Research also showed that people with employment barriers generally did not benefit from low-cost activities such as job search assistance.

JOBS Consolidates Previous Programs and Encourages States to Move in New Directions

JOBS combines elements of previous federal welfare-to-work programs into a single, more comprehensive program and encourages states to move in new directions to address some of the weaknesses of the previous programs. In general, JOBS broadens the range of services to be provided nationwide and expands the base of AFDC recipients required to participate in activities. One study estimated that, while previous programs exempted from 53 to 91 percent of adult AFDC recipients from participation requirements, 31 to 65 percent will be exempted under JOBS.^{2,3} In table 1.1, selected major provisions of JOBS are compared with previous welfare-to-work provisions.

²Child Trends, Inc., Preliminary Estimates of Number and Percent of Women in Each State Eligible For/Exempt From "JOBS," by Age of Youngest Child (Washington, D.C., Oct. 3, 1989). These preliminary estimates are only for adult female AFDC recipients.

³Individuals exempt from participation requirements in JOBS may still volunteer, as they could under previous programs.

Table 1.1: Major Federal AFDC Welfare-to-Work Provisions Before and Under JOBS

	Before JOBS	Under JOBS
Program(s)	WIN, WIN-Demonstration, Job Search, Community Work Experience, Work Supplementation	JOBS
Administrative control	WIN: State AFDC agency and state employment service agency All others: State AFDC agency	State AFDC agency
Geographic coverage	Job Search: Statewide Other programs: Not required to be statewide	Statewide (by Oct. 1992)
Required to participate	Generally: AFDC recipients aged 16-64 with children aged 6 or over; nonparent teens aged 16-18 and not in school	Generally: AFDC recipients aged 16-59 with children aged 3 or over; teen parents with children of any age; nonparent teens aged 16-18 and not in school
Participation requirements	WIN: Those required to participate were to be registered, but no participation rate was specified	For federal fiscal years 1990-91, 7 percent of those required to participate must average 20 hours in activities a week; this rises to 11 percent in 1992-93, 15 percent in 1994, and 20 percent in 1995
Targeting requirements	WIN: Priorities stated, but not enforced: 1. Unemployed parents who are principal earners in 2-parent families 2. Mothers who volunteer 3. Other mothers and pregnant women under the age of 19 who are required to participate 4. Dependent children and relatives aged 16 or over	At least 55 percent of JOBS funds must be spent on the following: 1. AFDC recipients or applicants who have received AFDC for any 36 months out of the past 5 years 2. AFDC parents under the age of 24 who (a) have not completed high school and are not enrolled in high school (or the equivalent) or (b) had little or no work experience in the preceding year 3. Members of AFDC families in which the youngest child will in 2 years be old enough to make the family ineligible for aid
Activities	Could include, but not limited to, development of employability plan, job placement assistance, training, work experience, and subsidized employment	Must include assessment of employability, development of employability plan, education (high school, basic and remedial, English proficiency), job skills training, job readiness, and job development and placement Plus at least 2 optional activities: job search, work experience, on-the-job training, or work supplementation May include postsecondary education and other approved activities
Supportive services	Child care and other services needed to find employment or take training	Child care guaranteed if needed; transportation and other work-related assistance provided

In addition, JOBS encourages states to move their programs in new directions so as to correct the weaknesses found in previous welfare-to-work programs and provide individuals with the services they need to become employed. These new directions include states' serving a required proportion of their AFDC recipients and targeting their resources to those with employment barriers. JOBS encourages states to do this by establishing a financial penalty that reduces the federal share of funding available to a state if it fails to (1) serve a certain proportion of individuals each year and (2) spend at least 55 percent of its total JOBS funds each year on targeted groups identified as long-term or potential long-term AFDC recipients. In addition, HHS's introduction to the JOBS regulations emphasizes the importance of (1) educational activities for those with educational deficiencies and (2) training to help individuals find employment.

Within the framework of the federal provisions, states have flexibility to design various aspects of their JOBS programs. Many decisions about the design and operation of JOBS are left to state legislatures as well as state and county AFDC agencies. For example, states and counties decide who will be served and what types of activities and services will be emphasized for participants. In addition, states and counties must decide how to assess individuals' needs and skills; states and counties must also develop criteria for assigning participants to activities. Finally, states and counties must determine the exact content of activities, the order in which they are provided, and how long individuals may participate.

New Federal Funding Available to States

The act authorizes two types of federal payments for states to fund their JOBS programs and related child care expenditures. The first is a new capped entitlement that is provided each year to pay a share of states' JOBS expenditures (see table 1.2). The second is an open-ended entitlement that states may use to supplement their expenditures on JOBS-related child care.

Table 1.2: JOBS Funds Authorized by the Family Support Act of 1988

Dollars in millions	
Fiscal year	Federal funds available
1989	\$600
1990	800
1991	1,000
1992	1,000
1993	1,000
1994	1,100
1995	1,300
1996 and each year thereafter	1,000

Note: (1) Funding for child care is excluded from this table. (2) A proportion of this capped entitlement is allocated to American Samoa, Guam, Puerto Rico, and the Virgin Islands. Indian Tribes and Native Alaskan organizations that have JOBS programs receive their shares from the state in which the tribal program is located.

Most of the capped entitlement is allocated among the states according to each state's share of all adult AFDC recipients in the nation. For example, for fiscal year 1991, Wyoming's \$1.4 million JOBS allocation is based on its less than 1 percent share of the nation's adult AFDC recipients; California's \$160 million allocation is based on its 16 percent share. (Fiscal year 1991 federal allocations for each state are shown in app. I.)

Each state's allocation of the capped entitlement is available to supplement the state's spending on JOBS, excluding child care, at three different matching rates. First, most spending on the direct costs of providing JOBS services and the cost of full-time JOBS staff is matched at the state's AFDC benefit match rate or 60 percent, whichever is greater.⁴ Second, for administration and supportive services, such as transportation, the federal share of these costs is generally 50 percent. Third, \$126 million of the federal funds available each year is matched at 90 percent for any allowable JOBS cost and allocated to the states based on their 1987 WIN or WIN Demonstration allocation. However, if a state fails to meet either the participation or targeting requirement, the federal share of all JOBS program expenditures is limited to 50 percent.

Federal AFDC funds are available to states to share child care costs of JOBS participants at the same rate as AFDC benefits. Child care administrative expenditures are matched at 50 percent. AFDC's JOBS-related child care funds are not subject to the funding cap for JOBS expenditures, but are generally limited by what states decide to spend on child care.

⁴The AFDC benefit match rate varies from 50 percent, for those states with higher average per capita incomes, to a maximum of 83 percent, for those states with relatively low average per capita incomes.

Objectives, Scope, and Methodology

The Chairman and Ranking Minority Member of the Senate Committee on Finance requested that we report on (1) states' progress in implementing JOBS, (2) states' decisions as to which individuals to serve and services to emphasize, as well as states' practices that others may wish to adopt, (3) states' views on problems or difficulties, and (4) the nature and extent of technical assistance that the Department of Health and Human Services (HHS) is providing to states.

We surveyed JOBS administrators in the 50 states and the District of Columbia and visited state and local welfare agencies in 7 states.⁵ We also interviewed officials of HHS's Family Support Administration, which is responsible for the JOBS program at the federal level.⁶ In addition, we reviewed welfare-to-work literature and spoke with officials from various welfare research and interest groups, including the American Public Welfare Association, National Governors' Association, and Urban Institute.

50 States and D.C. Responded to Questionnaire

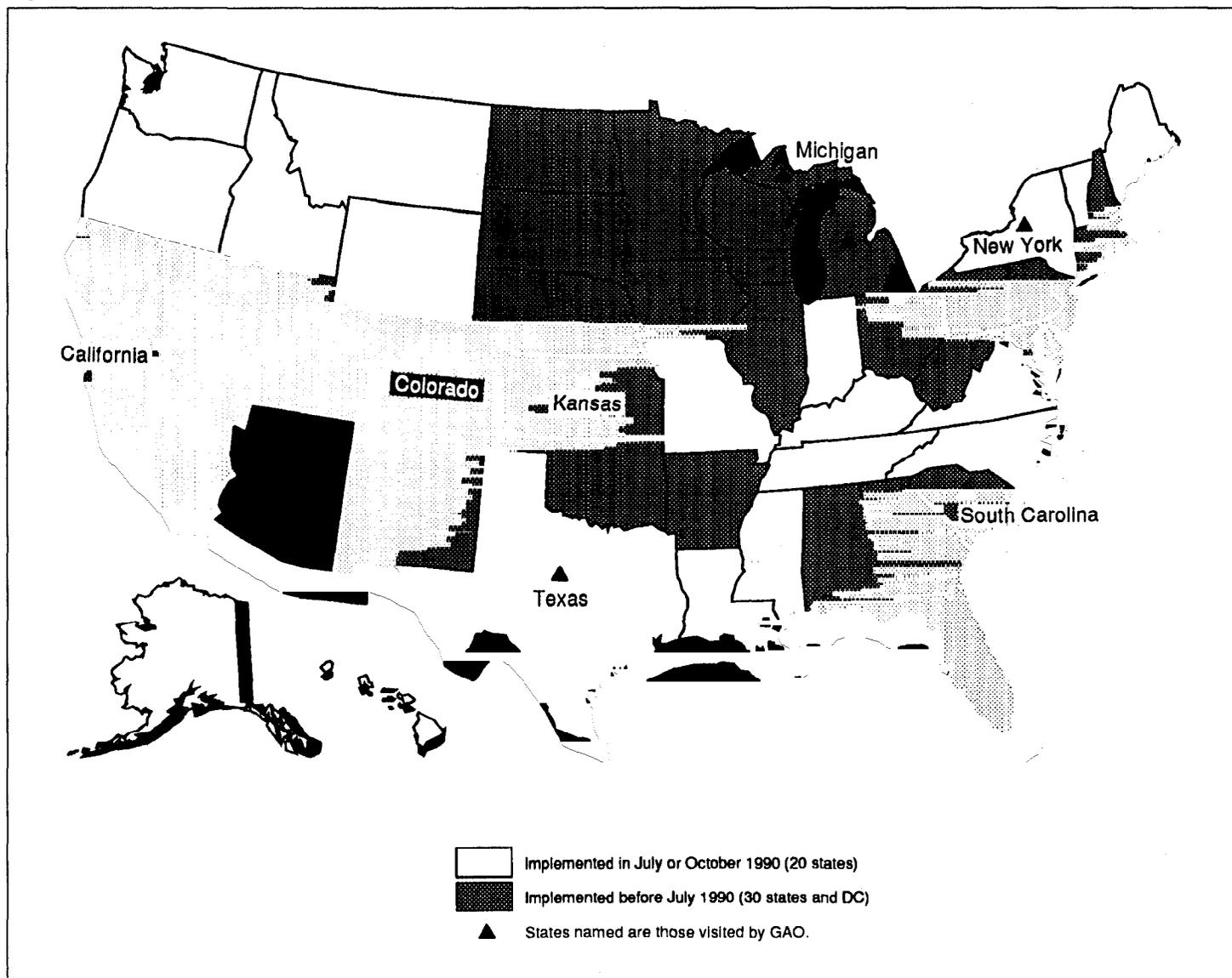
Through a questionnaire mailed August 30, 1990, to each state's JOBS program administrator, we collected information on selected aspects of states' JOBS programs related to the above objectives. We administered two versions of the questionnaire to reflect the different conditions existing for states operating JOBS and those in the process of planning their programs (see fig.1.1):

- Version 1 was administered to 31 states that implemented their JOBS programs before July 1990. Fifteen of these states had been operating JOBS for 14 months. All 31 had operated for at least 5 months at the time of our questionnaire. In general, states' responses described their JOBS programs as they existed on June 30, 1990.
- Version 2 was administered to the remaining 20 states: 3 had implemented JOBS in July 1990 and 17 were planning to implement by October 1990. In general, states' responses described their JOBS programs as of October 1, 1990. Therefore, much of the information collected from these states reflected their expectations for, rather than their experiences with, implementing and operating their JOBS programs.

⁵In this report, the District of Columbia is referred to as a state. We did not include Indian Tribes, Alaska Native organizations, American Samoa, Guam, Puerto Rico, and the Virgin Islands in our review.

⁶Under a reorganization of HHS, effective April 15, 1991, a new agency, called the Administration for Children and Families, is charged with administering the JOBS program.

Figure 1.1: State JOBS Implementation Dates



Note: States named are those visited by GAO.

Our analysis of the questionnaire data generally showed little or no difference between responses of states that had implemented JOBS programs early and those that had implemented them later. Except as noted, we present the results using combined data from the two versions of the questionnaire. In addition, we classified states that responded to

the questionnaire with answers of "moderate" or greater degrees of difficulty as having reported or cited the issue to be difficult or a problem.

Unless otherwise indicated, fiscal years referred to in this report are federal fiscal years.

Visits Made to Seven States

To increase our understanding of states' implementation of JOBS, we visited seven states between February and September 1990: California, Colorado, Kansas, Michigan, New York, South Carolina, and Texas. These states reflect a diversity in implementation dates; AFDC-related program characteristics, such as benefit amount; past welfare-to-work programs; geographic regions; economic factors, such as unemployment and poverty rates; and percentage of population in urban areas.

Within each state, we visited state-level welfare agencies charged with implementing JOBS and at least one, but more often two, local welfare agencies. At the state level, we interviewed commissioners of social service agencies, as well as JOBS program administrators and staff in charge of various aspects of program operation, such as data collection and reporting, financial management, and child care services. At the local level, we interviewed county social service commissioners, program administrators, caseworkers, and others, such as officials charged with finding child care services for participants. We used the information gathered from the state and local visits to help develop the nationwide questionnaire and illustrate issues concerning the states.

We did our work between February and November 1990 in accordance with generally accepted government auditing standards. We did not, however, verify the data or perceptions of problems reported by the states. In June 1991, we spoke with various state officials to update certain information in this report. HHS provided written comments on a draft of this report, which are included in app. II. We have incorporated its technical comments in the report as appropriate.

States Made Progress Implementing JOBS

States have made significant progress in implementing their JOBS programs. All states began their programs on time, with over half of the states operating their programs statewide ahead of the deadline. We estimate the states will spend about \$1.4 billion on JOBS and related child care for fiscal year 1991, while also drawing on other resources, such as local employment trainers and education providers, to serve participants. Besides putting their programs in place, states moved in new directions to better assist welfare families in becoming self-sufficient.

All States Implemented JOBS on Time and Most Moved Statewide Early

All states had established JOBS programs as of October 1990, as required by the Family Support Act. Fifteen states implemented their programs as early as July 1989, and 17 started October 1, 1990 (see table 2.1). Also by October 1990, 31 states were operating their JOBS programs statewide, 2 years ahead of the October 1992 deadline. We estimated that as of October 1990, 85 percent of the nation's adult AFDC recipients lived in areas where JOBS programs were operating.¹

Table 2.1: Summary of State Implementation Dates and Statewide Status of JOBS Programs

Implementation date	No. of states	Statewide by October 1990	Planning to be statewide by October 1992
July 1989	15	12	3
Oct. 1989	10	7	3
Jan. 1990	2	1	1
Apr. 1990	4	3	1
July 1990	3	0	3
Oct. 1990	17	8	9
Total	51	31	20

¹This estimate does not imply that 85 percent of the nation's AFDC adult recipients will be served by JOBS, but merely that the program is available in areas of the 50 states and the District of Columbia where 85 percent of the AFDC adult recipients live.

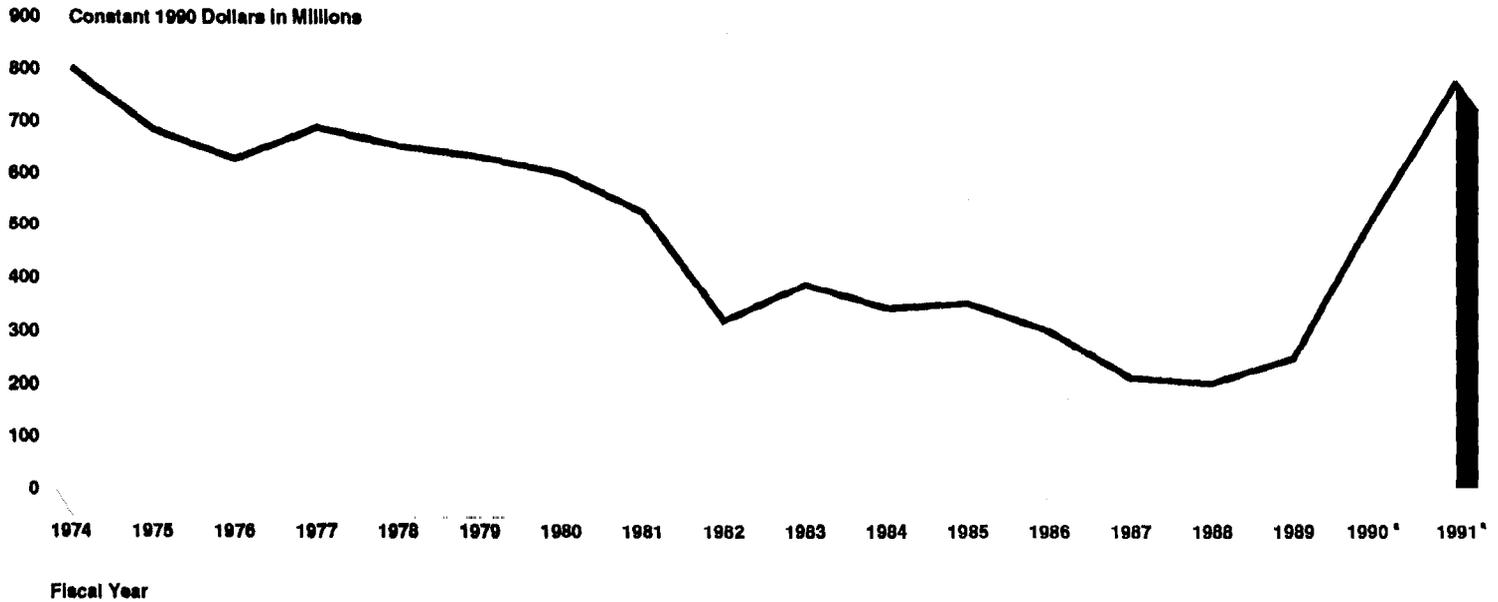
States Rely on Increased Federal Spending and Existing Community Resources to Serve Participants

To serve JOBS participants, states expect to make use of increased federal spending for welfare-to-work programs and to rely on existing community resources. Estimated federal spending on JOBS in fiscal year 1991 will represent a large increase in real terms over federal AFDC welfare-to-work spending levels of the late 1980s. Combined spending by federal, state, and local governments for fiscal year 1991 on JOBS and related child care costs is estimated to be \$1.4 billion. But this does not represent all of the resources used to provide services to JOBS participants. States also cited great amounts of coordination with certain service providers, such as Job Training Partnership Act (JTPA) and adult basic education agencies, that increase the resources available to JOBS participants.

Renewed Federal Financial Commitment to Welfare-to-Work Programs

JOBS renews the federal financial commitment to welfare-to-work programs. We estimate federal spending for JOBS in fiscal year 1991 will be nearly four times as great in real terms as previous AFDC welfare-to-work spending in fiscal year 1988. However, as illustrated in figure 2.1, estimated federal spending in real dollars for fiscal year 1991 will be slightly below the peak level of federal AFDC welfare-to-work spending, which occurred in 1974.

Figure 2.1: Federal Spending for AFDC Welfare-to-Work Programs (Fiscal Years 1974-91)



Note: Some, but not all, federal spending for child care costs for AFDC recipients in training is included in WIN and WIN Demonstration program funds reported up to, and including, 1990. Federal spending for such costs paid through the AFDC grant as a special need (allowed for some states before JOBS) is not included because data are not available.

^aJOBS and related child care spending is based on state estimates.

For fiscal year 1991, the first year in which all states had JOBS programs, federal spending in current dollars is estimated to be \$807 million and represents 59 percent of the total estimated JOBS expenditures including child care, as shown in figure 2.2. Total expenditures are estimated to be \$1.4 billion, including federal, state, and local funds for JOBS and related child care (see table 2.2). Seventy-four percent of the estimated 1991 expenditures are for staff; administration; education, training, and employment-related services; and transportation and all other supportive services except child care. The remaining 26 percent are for child care.

Figure 2.2: Federal and State Shares of Estimated Expenditures for JOBS and Related Child Care (Fiscal Year 1991)

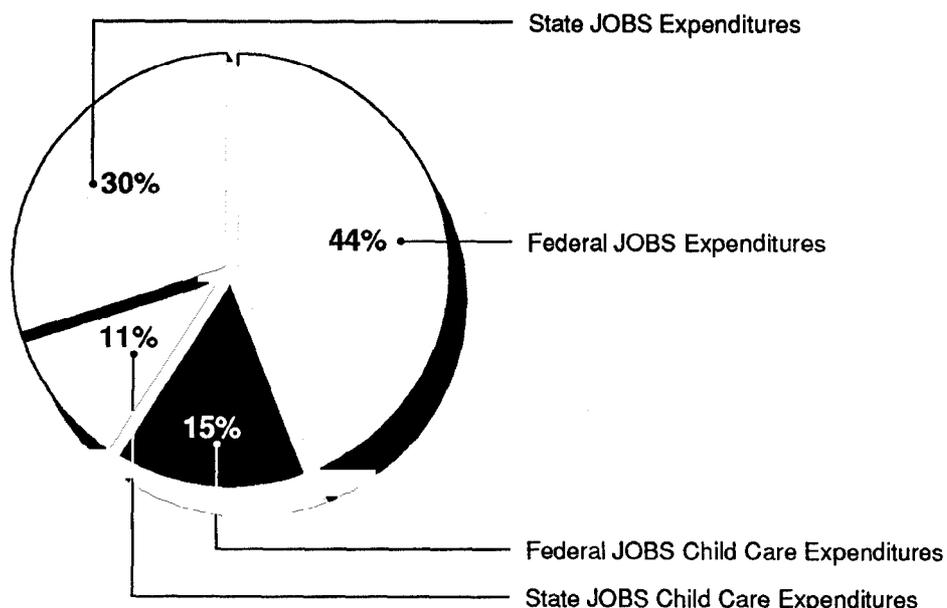


Table 2.2: States' Estimated JOBS and Related Child Care Expenditures (Fiscal Year 1991)

Dollars in thousands

Expenditure type	Federal	State (federally matched)	State (not federally matched) ^a	Total ^b
JOBS	\$606,354	\$407,187	\$8,970	\$1,022,512
JOBS-related child care	201,004	152,707	2,700	356,411
Total^b	\$807,359	\$559,894	\$11,670	\$1,378,923

Note: Data are from our state questionnaire. Of the 51 states operating programs in fiscal year 1991, 50 reported their estimated JOBS expenditures for that year. We estimated state and federal expenditures for one state on the basis of data it provided for fiscal year 1990. Forty three states reported estimated child care expenditures. We estimated child care expenditures for two additional states from fiscal year 1990 data.

^aThese amounts exclude state and local funds that are under the administrative control of agencies other than AFDC agencies.

^bTotals may not add due to rounding.

Coordination Provides Additional Resources

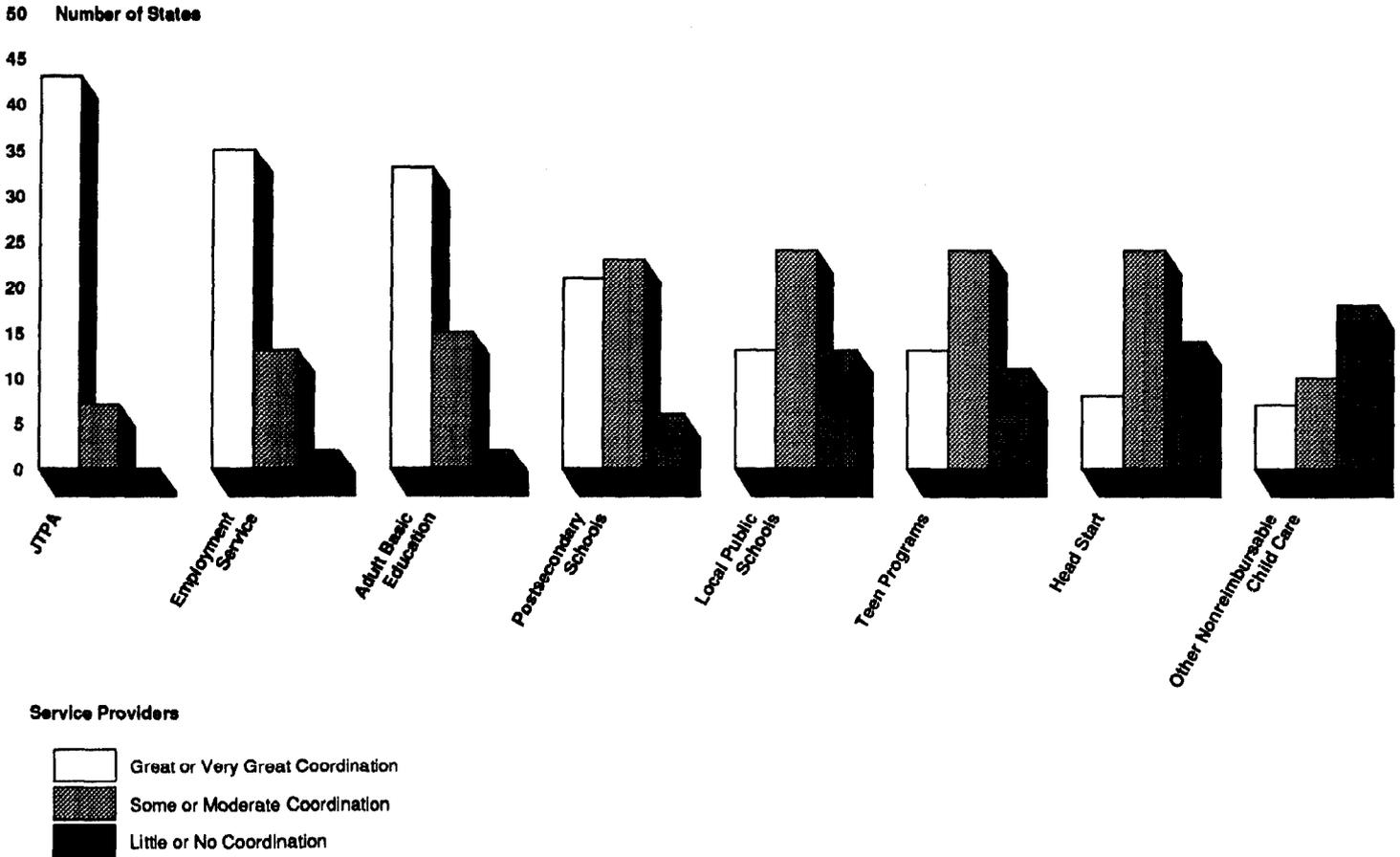
JOBS expenditure data capture only a portion of total federal, state, and local resources spent on JOBS participants. States reported considerable coordination with some community service providers and heavy use of training and education resources paid for by other agencies and organizations, but the total dollar value of such services is unknown.

JOBS requires states to coordinate with, and make use of, service providers available in each community to serve JOBS participants. Each state's AFDC agency must coordinate with such agencies as JTPA, state employment service, education, and child care agencies. In addition, to help provide for new or increased levels of services under JOBS, states may not use JOBS funds to purchase services that would normally be available free of charge to individuals on AFDC. JOBS expenditure data that welfare agencies must maintain do not include the resources spent by other public and private service providers unless those services were paid for by the AFDC agency with JOBS funds.²

States reported greater amounts of coordination with agencies that traditionally have been important providers of services to welfare-to-work participants than with providers likely to serve newly targeted individuals, such as teen parents, or those with young children who are now required to participate under JOBS. The state employment service, JTPA, and adult basic education agencies have been important providers of services to participants of previous welfare-to-work programs. As illustrated in figure 2.3, 33 or more states cited a great deal of coordination with these providers under JOBS. However, 13 or fewer reported similar coordination with teen programs or child care providers.

²The AFDC agency may use JOBS funds to contract with these providers to arrange for services beyond those normally available for AFDC recipients.

Figure 2.3: Amounts of Coordination Between States' AFDC Agencies and Other Service Providers



Note: Amounts do not include states that did not respond or said "Don't know."

States also indicated heavy reliance on education and training services that are free of charge to the JOBS program. For example, the Texas state welfare agency will rely entirely on services paid for by other agencies and organizations to provide educational activities for its JOBS participants. Twenty-six states reported that 40 percent or more of their JOBS participants receiving education were, or were expected to be, placed in activities paid for by other providers. In addition, 23 states reported that 40 percent or more of those receiving training were, or were expected to be, placed in such nonreimbursable activities.

Although the dollar value of services provided by others is not routinely collected by the states, an example from California demonstrates how significant the use of other resources can be to JOBS. California's state AFDC agency estimated that other agencies, such as JTPA and education providers, would spend about \$120 million in state and federal funds on JOBS participants in state fiscal year 1990-91. This represents about one-third of the total resources that the agency expected would be spent on JOBS and related child care during that period.

States Move in New Directions

Although JOBS encourages states to move in new directions to provide AFDC recipients with the services they need to gain employment, the states are allowed enough flexibility that movement in these directions is not guaranteed. However, most states indicated plans to (1) serve a required proportion of individuals in a meaningful manner, (2) target funds to long-term and potential long-term recipients, (3) emphasize basic skills training or long-term education and training, and (4) draw on new federal funds to provide child care assistance for JOBS participants. While moving in these directions to serve JOBS participants, states have designed individualized approaches and practices to match state interests and needs.

States Plan to Serve a Required Proportion of Individuals in a Meaningful Manner

States were optimistic about serving a required proportion of JOBS participants in a meaningful manner in fiscal year 1991. JOBS attempts to improve upon past welfare-to-work programs in which only a small proportion of AFDC recipients participated in welfare-to-work activities. Under JOBS, states must have, in general, a certain proportion of individuals whose participation in JOBS activities, as a group, averages at least 20 hours a week or lose a portion of their federal funding.³ HHS developed this new 20-hour standard to reflect congressional intent that JOBS participants be engaged in activities in a meaningful manner rather than merely be registered for activities, as often happened under past programs. Eighty-six percent of the states expected to meet the 7-percent participation rate required in fiscal year 1991; the remaining states could not predict what their participation rates would be.

Although it is too early to tell if states will meet the participation rates for fiscal year 1991 and beyond, we learned during our state visits that

³The proportion of individuals meeting the 20-hour standard must be equal to a certain percentage of those AFDC recipients required to participate. This participation rate starts at 7 percent in fiscal years 1990 and 1991 and rises to 11 percent in 1992 and 1993, 15 percent in 1994, and 20 percent in 1995. However, no state will lose federal funding for failure to meet the 1990 rate.

some states were making efforts to adjust their programs to meet the new 20-hour standard. For example, before implementing JOBS, New York instructed all of its AFDC districts to plan to schedule JOBS participants for 20 hours of activities a week whenever possible. In New York City, home of about 6 percent of the nation's AFDC families, the JOBS program administrators have specially designed several activities to last 20 hours a week. We also learned that South Carolina was planning 20-hour a week educational activities for teen parents, a group that had not been served in the state's previous welfare-to-work program.

New Emphasis to Target Individuals With Barriers to Employment Rather Than Those Who Are Job Ready

States have responded positively to the JOBS program's new emphasis on targeting services to long-term and potential long-term AFDC recipients. States have shifted their stated priorities from serving individuals ready for employment to emphasizing the target groups that generally have barriers to employment. In fiscal year 1990, almost all states operating JOBS spent at least 55 percent or more of their JOBS funds on these target groups.

JOBS attempts to correct another weakness of past programs by focusing states on serving welfare recipients most in need of assistance rather than those who can more easily find employment on their own. The target groups created by JOBS include long-term welfare recipients and young parents without a high school education or with little or no work experience.⁴ JOBS encourages states to provide such individuals with the amount and type of services they need—such as education, skills training, or counseling—even though these services may be more costly than less intensive services such as job search assistance.

To target their JOBS resources, states have changed their stated priorities for serving individuals to emphasize the long-term and potential long-term AFDC recipients. As shown in table 2.3, 26 states indicated that before JOBS, individuals ready for employment—the job ready—were a priority group for receiving services. Under JOBS, however, this number declined to 18. Moreover, 37 states reported having priorities for serving all the new JOBS target group members.

⁴For related information on poor single mothers, see *Mother-Only Families: Low Earnings Will Keep Many Children in Poverty* (GAO/HRD-91-62, Apr. 2, 1991).

Table 2.3: States' Stated Priorities for Serving Individuals Before and Under the JOBS Program

Type of participant	No. of states	
	Before JOBS	Under JOBS
Job ready	26	18
Target groups:		
Teen parents (less than 20 years of age) without a high school degree or work experience	7	45
Young parents (20 years of age or older and less than 24) without a high school degree or work experience	4	41
Long-term recipients ^a	17	45
Individuals with children who in 2 years will be old enough to make the family ineligible for AFDC	13	44

^aLong-term recipients before JOBS include people who received AFDC for any 36 of the last 60 months and other long-term recipients as defined by the states. Under JOBS, the term only includes those who received AFDC for any 36 of the last 60 months.

To follow these stated priorities for serving individuals, some states will have to focus their efforts on a relatively small proportion of their adult AFDC recipients, while other states will be able to work with almost any recipient because such large proportions of their AFDC adults are in the target groups. Ten states estimated that 40 percent or less of their adult AFDC recipients were target group members; 31 reported that more than 40 percent were target group members. Ten states responded that they didn't know or were unable to estimate.

States are focusing their spending and services on the target groups. For fiscal year 1990, all but 4 of the 34 states operating JOBS programs reported to HHS that they spent 55 percent or more of their JOBS funds on the target groups. Twenty-four of these 34 states reported that more than 40 percent of their JOBS participants were target group members. In addition, 20 of the states that implemented JOBS before July 1990 reported serving target group members in equal or greater proportion than their existence among all adult AFDC recipients. For fiscal year 1991, 90 percent of all states plan to spend at least 55 percent of their JOBS funds on the target groups.

Majority of States Emphasize Education or Long-Term Services

The majority of states said they have a JOBS program philosophy that emphasizes basic skills or long-term education and training rather than immediate job placement (see table 2.4). JOBS encourages states to offer education and training activities, which the Congress and the administration believe are important elements in an individual's path to self-sufficiency. However, states decide the extent to which they emphasize

activities that are focused on immediate job placement—such as work experience, job search, or short-term education and training—or activities that may lead to increased employability of individuals—such as long-term education and training. Almost half of the states reported a shift from an emphasis on immediate job placement under their previous welfare-to-work programs toward a new emphasis on long-term education or training under JOBS.

Table 2.4: States' JOBS Program Philosophies

Program philosophy	No. of states	
	Before JOBS	Under JOBS
Emphasis on immediate job placement	32	9
Emphasis on long-term education and training	8	26
Provide services needed by individuals	8	10
Other	2	6
Total	50^a	51

^aOne state did not respond.

In Colorado, for example, the JOBS program administrator said that under JOBS the state's welfare-to-work program goal has changed. Placement in any employment available is no longer emphasized as it was under WIN. Now, when possible, the program emphasizes training for jobs that pay wages high enough to enable participants to become self-sufficient and remain independent of welfare.

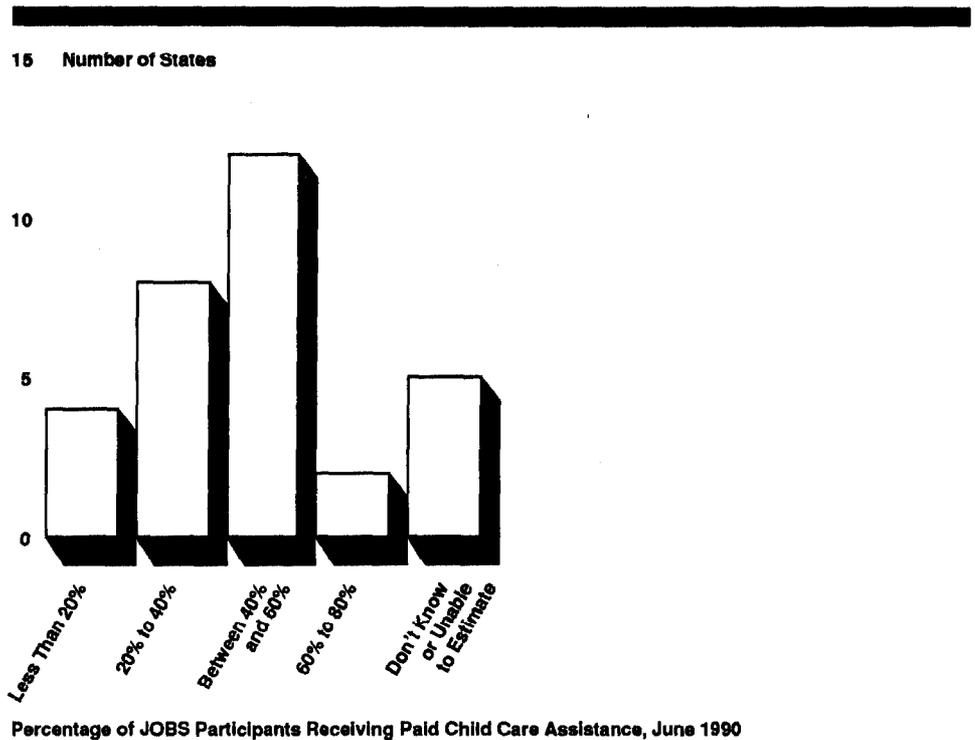
States Draw on New Federal Funding for Child Care

States are taking advantage of new federal funding for child care to help with JOBS-related child care costs. However, the amount of paid child care assistance provided by AFDC agencies to JOBS participants varied among the states.

States drew on the new federal funding available and provided varied proportions of JOBS participants with paid child care assistance. As illustrated in figure 2.4, of the 31 states that implemented JOBS before July 1990, 14 reported that more than 40 percent of their JOBS participants received paid child care assistance. Twelve of the 31 states said that 40 percent or less received such assistance.⁵

⁵Some JOBS participants may not have a need for child care because their children are older; others may rely on unpaid care; and some participants may be teens without children.

Figure 2.4: Proportions of JOBS Participants in Early Implementation States Receiving Paid Child Care Assistance (June 1990)



Note: No state reported more than 80 percent of its JOBS participants received paid child care assistance in June 1990.
Source: Information reported by states operating JOBS programs before July 1990.

For fiscal year 1991, the estimated share of total JOBS expenditures devoted to child care ranged from 4 percent to 71 percent among the 43 states that reported.⁶ Slightly more than half of these states planned to spend 32 percent or more of their total JOBS expenditures on child care; the others planned to spend less.

Program Flexibility Allows for Diverse Practices and Approaches

States have flexibility under JOBS to design approaches, practices, and activities to reflect their individual interests and needs. For example, states identified various approaches for serving teens in JOBS. In addition, several states identified successful or innovative parts of their programs that they wanted to share with other states. And 10 states expressed interest in operating experimental programs for serving non-custodial parents in their JOBS programs.

⁶Total JOBS expenditures is the sum of JOBS and JOBS-related child care expenditures.

Many states use the flexibility provided under JOBS to design ways to include AFDC teenagers in JOBS programs. JOBS generally requires states to serve AFDC teenagers, both parents and nonparents, who are not in school and have not completed a high school education. In addition, JOBS funds may be used to serve AFDC teenagers attending school, although their participation in JOBS is not required. No uniform approach, however, is required by statute or regulation. The majority of the states reported referring teens to other service providers in their communities for supportive services, such as health care. The next most frequently cited approach was the assignment of special case managers to teens (see table 2.5).

Table 2.5: Approaches Used by JOBS Programs to Serve Teens

Approach	No. of states
Referrals to other providers	40
Providing special case managers	21
Providing specially designed training and work experiences	12
School attendance programs designed with sanctions or incentives	11
Funding school-based child care	10
Funding after-school programs	8
Funding mentor programs	6
Other	6

Note: States were asked to identify approaches that were more than isolated pilot-type programs.

South Carolina's JOBS program illustrates how JOBS supportive services funds can provide special programs for teenagers in the families of JOBS participants. These programs provide counseling, tutoring, and other activities for teens enrolled in high school. Although serving such teens is not required by JOBS, the South Carolina JOBS staff believes working with AFDC teenagers is important.

Many state officials volunteered comments on what they considered some of the better—or more innovative—parts of their JOBS programs that others may wish to adopt. For example:

- In Iowa, the governor created a welfare reform council, including representatives of the state's departments of human services, economic development, employment services, human rights, education, and management. A group appointed by this council developed initiatives to lead AFDC recipients to self-sufficiency and worked with local agencies to develop the state JOBS plan.

- In Kentucky, the state welfare agency contracted with existing local regional agencies that provide planning and technical assistance to city and county governments. These regional agencies were charged with forming interagency councils, which then developed county-level JOBS plans responsive to local needs and resources.
- In New York City, JOBS officials designed their program to offer activities that combine classes with worksite experience. One JOBS activity combines English as a Second Language classes with on-the-job training if a bilingual supervisor is available. Another JOBS activity combines classes in reading, writing, and math with job training at an actual worksite.

Some states have expressed interest in reaching beyond the AFDC family and allowing the noncustodial parents of these families to receive education and training under JOBS if these parents are unemployed and unable to pay child support. Almost 95 percent of all families on AFDC are single-parent families. Frequently, the noncustodial parent of AFDC children, most often the father, is unable to pay child support. Ten states reported that they intended to apply to HHS to participate in a demonstration project, called for in the Family Support Act, to determine the effectiveness of including the noncustodial unemployed parents of children on AFDC in JOBS. This project will evaluate whether or not serving these parents in JOBS will increase their employability and, perhaps, ability to pay child support.

States Report Implementation Difficulties

Although states have made considerable progress in establishing JOBS and operating programs statewide, states report problems as they try to meet congressional requirements and continue their movement in new directions. States perceive difficulties with service availability and the targeting and participation requirements. They also report difficulties meeting a new set of data collection and reporting requirements, and the vast majority report difficulties developing information systems for their JOBS programs. To help them with these difficulties, states report needing more technical assistance from HHS.

States Report Shortages of JOBS and Supportive Services

Although states must offer a set of required and optional services as part of their JOBS programs, many report shortages in some services, such as basic/remedial education, training, and work experience opportunities, especially in rural areas. In addition, supportive services, such as child care and transportation, are cited as being in short supply.

Many States Report Shortages in Education, Training, and Work Experience Programs

As part of their JOBS programs, states must offer participants education and training services and at least two optional employment-related services. States are required to offer educational activities below the postsecondary level, such as (1) high school education or education leading to a high school equivalency certificate, (2) basic and remedial education to provide literacy, and (3) education for English language proficiency. Postsecondary education may be included as a JOBS activity at state option. States must also offer job skills training, which includes vocational training for technical job skills or specific occupational areas. And states have the option of offering employment opportunities that provide training and experience in the work world, such as on-the-job training and work experience in projects that serve the community.

As shown in table 3.1, over half of the states cited or expected shortages of alternative high schools as well as basic/remedial education programs, including English proficiency, throughout their states.¹ Over 40 percent of all states reported or expected statewide shortages of high school equivalency and job skills training programs. Even more states reported or expected all of these programs to be in short supply in rural areas. Over 40 percent of the states also reported that postsecondary education was, or was expected to be, inadequate in rural areas.

¹As used throughout this chapter and the next, the term expected reflects the responses of states that (1) implemented JOBS in, or after, July 1990 and (2) were asked to describe their programs as they anticipated them to be on October 1, 1990.

Chapter 3
States Report Implementation Difficulties

Table 3.1: Availability of Selected Education, Training, and Work Opportunities Experienced or Expected by States

Type of service and location	No. of states				
	Supply exceeds need	Supply is about right	Need exceeds supply	Program not offered	Don't know, no response
Education					
Alternative high school:					
Throughout the state	0	7	33	6	5
Urban areas	0	10	31	1	9
Rural areas	0	3	34	5	9
High school equivalency programs:					
Throughout the state	0	26	22	2	1
Urban areas	0	30	16	0	5
Rural areas	0	18	28	1	4
Basic/remedial education/ English proficiency:					
Throughout the state	2	16	28	2	3
Urban areas	1	26	18	0	6
Rural areas	1	10	34	1	5
Postsecondary education:					
Throughout the state	3	32	9	3	4
Urban areas	4	33	6	1	7
Rural areas	3	17	21	2	8
Training and work opportunities					
Job skills training:					
Throughout the state	0	23	23	2	3
Urban areas	0	28	18	0	5
Rural areas	0	14	31	1	5
Community and other work experience programs:					
Throughout the state	2	17	13	12	7
Urban areas	4	22	10	8	7
Rural areas	4	17	14	9	7
Work supplementation/on-the-job training:					
Throughout the state	3	15	18	12	3
Urban areas	2	17	17	8	7
Rural areas	2	12	20	9	8

As shown in table 3.1, significant shortages of optional work and training programs were reported by states that chose such options.² Eighteen of the states that provided information on the availability of

²Because states must offer two of four optional activities under JOBS, it is possible that a state may have to choose one that is in short supply.

work supplementation or on-the-job training reported or projected inadequate opportunities throughout their states, and 20 states reported such shortages in rural areas. The Community Work Experience Program (CWEP) or other work experience opportunities were cited as being, or as expecting to be, in short supply on a statewide basis by 13 of the states that provided such information.

Most States Also Cite Shortages in Child Care and Transportation

In addition to providing a set of required and optional JOBS activities, states must also offer supportive services—such as child care and transportation—to enable families to participate in employment, education, or training activities.

As shown in table 3.2, more than two-thirds of the states believe the supply of child care and transportation is or is expected to be inadequate on a statewide basis. Over half of the states report or project an insufficient amount of child care for all age groups, except preschoolers; just under half of the states believe there is or will be a shortage of child care for this group. Care for infants and toddlers is in especially short supply: about two-thirds of the states cite or anticipate shortfalls in both urban and rural areas. Transportation is the supportive service most often reported by states as being in short supply. Over 80 percent of all states believe there is or will be an inadequate amount of transportation services.

Table 3.2: Availability of Child Care and Transportation Experienced or Expected by States

Type of service and location	No. of states				
	Supply exceeds need	Supply is about right	Need exceeds supply	Program not offered	Don't know, no response
Child care					
Statewide, overall	0	10	36	1	4
For infants (less than 1 yr.):					
Throughout the state	1	7	38	2	3
Urban areas	1	8	36	0	6
Rural areas	1	7	38	1	4
For toddlers (1 to 2 yrs.):					
Throughout the state	1	10	34	2	4
Urban areas	1	12	32	0	6
Rural areas	1	9	36	1	4
For preschoolers (3 to 5 yrs.):					
Throughout the state	0	20	23	2	6
Urban areas	1	22	22	0	6
Rural areas	0	16	29	1	5
For school-aged children (5 to 13 yrs.):					
Throughout the state	0	15	27	2	7
Urban areas	0	21	23	0	7
Rural areas	0	13	31	1	6
Transportation					
Throughout the state	0	4	42	2	3
Urban areas	0	15	33	0	3
Rural areas	0	2	45	1	3

States Report Difficulties With Targeting and Participation Requirements

States cite difficulties with some elements of the targeting and participation requirements that must be overcome if states are to receive federal funding at the higher matching rates. Most states believe the tasks and procedures required to achieve the targeting and participation requirements are difficult to implement. In addition, while most states are optimistic about meeting the participation requirement for fiscal year 1991, most states expect difficulties meeting the participation requirement as the rates increase in the future.

States Indicate Conditions and Procedures Needed to Achieve Targeting and Participation Rates Are Troublesome

To obtain federal JOBS funds at the higher matching rates, states must meet both the targeting and participation requirements. However, states were experiencing, or expected to experience, difficulties with several of the conditions and procedures needed to achieve these requirements.

Beginning in fiscal year 1990, states must spend at least 55 percent of their JOBS funds on the target groups; beginning in fiscal year 1991, states must meet both this targeting requirement and an annual participation rate in order to receive federal moneys at the higher matching rates. To determine that at least 55 percent of a state's JOBS funds was spent on the target groups, states must identify expenditures for target group members. To do this, states have a choice of tracking the costs of serving each individual target group member or developing a cost table to estimate the amount spent on the group.³ For example, South Carolina officials said they would calculate the costs of serving the target groups by tracking expenditures on each participant. California officials, on the other hand, said they were going to use a cost table to estimate target group spending. To use either of these methods, a state must acquire cost data from each organization or provider from which it purchases services.

Most states indicated they were experiencing, or expected to experience, at least a moderate degree of difficulty with the tasks and procedures related to the targeting requirement. State officials in both South Carolina and California cited difficulties with segregating expenditures for target group members. About 70 percent of all states indicated that identifying expenditures for the target groups was, or was expected to be, a problem. Developing a cost methodology or table to do this was believed to be difficult by almost 80 percent of all states. In addition, acquiring useful cost data from service providers was, or was expected to be, difficult by about two-thirds of all states.

In addition to meeting the targeting requirement, states must meet an annual participation rate that can be viewed as a ratio of the number of countable participants to the number of AFDC recipients required to participate in JOBS. The number of countable participants for any month is the largest number of mandatory and voluntary participants whose

³A cost table determines the total costs for each component of JOBS and then allocates these costs according to the percentage of target group members in each component. There is no single uniform method for developing a cost table, although HHS provides the general guidance that states must allocate costs among the various JOBS components.

scheduled hours, as a group, average 20 or more a week.⁴ Scheduled hours count in calculating participation rates only if the individual has attended 75 percent or more of the scheduled hours.⁵ Therefore, to count scheduled hours, AFDC agencies must obtain attendance information from service providers.

Most states reported experiencing, or expecting to experience, difficulties with the conditions and procedures needed to achieve the participation rate. About two-thirds of the states indicated that not having adequate staff to enroll and serve enough participants to meet the participation rate was, or was expected to be, a problem.⁶ In addition, 80 percent of all states indicated that scheduling participants to achieve a 20-hour average was, or was expected to be, difficult. For example, Michigan officials said it was very difficult to schedule enough participants in components that run 20 or more hours a week in order to offset the hours of most of their participants who are scheduled for educational activities that run less than 20 hours a week.

In addition to the staffing and scheduling difficulties, three-fourths of the states indicated they were experiencing, or expected to experience, difficulties collecting attendance data from service providers. Over half of the states believe these difficulties were “great” or “very great.” For example, California officials mentioned not only the problems they had with scheduling participants so as to meet the 20-hour standard, but they also said establishing a system to track attendance data would be costly.

⁴Scheduled hours must be in approved activities. Such activities include assessment, employability plan development, required or optional JOBS components (except for job development/job placement), and any approved self-initiated education or training. Hours of employment for JOBS participants who become employed and leave AFDC count toward participation for the month of job entry and the following month.

⁵Actual hours attended do not count at all if they are less than 75 percent of scheduled hours. This attendance rule does not apply when counting hours of employment.

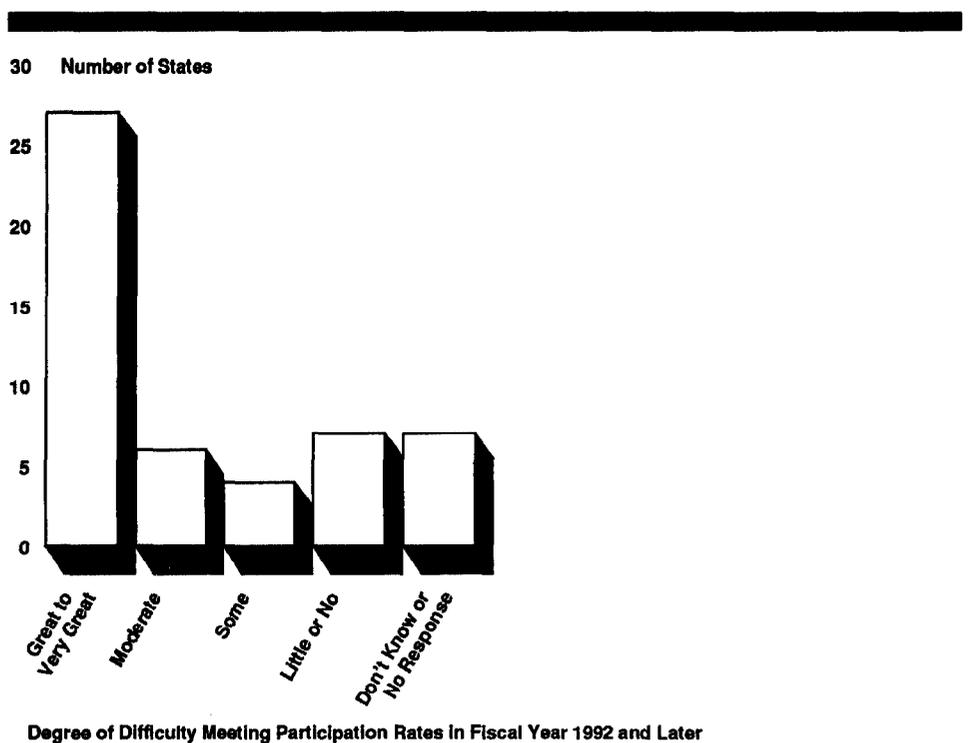
⁶Although the participation rates appear fairly low (7 to 20 percent), some researchers have noted that the JOBS program staff may have to work with significantly greater proportions of the AFDC caseload than the rates would first suggest. This is because not all participants will be in 20-hour components or enrolled in year-round activities. In addition, some participants may drop out of the program or not meet the attendance standard.

States Expect Future Participation Rates to Be Difficult to Meet; HHS Says Definition Reflects Congressional Intent

Most states expect to meet the participation rate for fiscal year 1991, but believe future participation rates will be difficult to meet (see fig. 3.1). HHS acknowledges the difficulties inherent in meeting the participation requirement as defined, but maintains its definition reflects congressional intent.

As the participation rate increases to 11 percent in fiscal year 1992 and continues to rise to 20 percent in 1995, nearly two-thirds of the states believe meeting these increased rates will be a problem. One reason that states may expect the future rates to be difficult to meet is that while states must serve over 50 percent more participants in fiscal year 1992 than in 1991, JOBS budgets may not increase proportionately.

Figure 3.1: States' Expected Difficulty Meeting Future Participation Rates
(Fiscal Year 1992 and Later)



HHS officials said they recognized that states were struggling with the participation requirement and that there may be some opposition to its definition. However, HHS officials believe the 20-hour/75-percent attendance standard is necessary to achieve congressional intent and help participants become self-sufficient. HHS believes its definition of the

participation standard follows the intent of the Congress: The standard is to be a measure of meaningful activity reflecting actual participation in, rather than just assignment to, a JOBS activity. HHS also believes such a participation standard should encourage states to monitor individuals' activities so as to avoid the problems of no-shows and drop-outs identified in previous welfare-to-work programs. In addition, HHS asserts that the averaging approach it adopted allows states to provide the level of activities considered appropriate for participants with different needs. Moreover, HHS does not believe its standard to be unreasonable for participants who, if employed full-time someday, would be expected to work 40 hours a week and come to work every day.

States Cite Difficulties Meeting Reporting Requirements and Building Needed Automated Information Systems

In addition to problems with service delivery and requirements for targeting and participation, states have also cited difficulties with new data collection and reporting requirements for JOBS. Almost all states indicated they would have trouble meeting these requirements. Most states report making, or having to make, extensive changes to their current data collection activities and information systems to meet the new reporting requirements. They also report encountering great difficulties developing automated information systems for JOBS.

States Face New Data Collection and Reporting Requirements

The Family Support Act sets forth provisions for HHS to establish uniform reporting requirements for the states and collect other data as HHS deems necessary. As a result, HHS is requiring states to submit a variety of new financial and participant-oriented reports. Many of these reporting requirements necessitate new data collection efforts by states and are related to the targeting and participation requirements. For example, states must report their expenditures on target group members, the number of AFDC recipients required to participate, and the number of countable participants.⁷ Effective October 1, 1991, states will be required to submit, in an electronic format, a monthly sample of individual case record data for JOBS participants. This requirement will replace some of the current reporting requirements.

In addition to the data they collect to meet HHS's reporting requirements, almost all states report collecting other items of information about their JOBS programs for their own purposes. Two-thirds of the states do

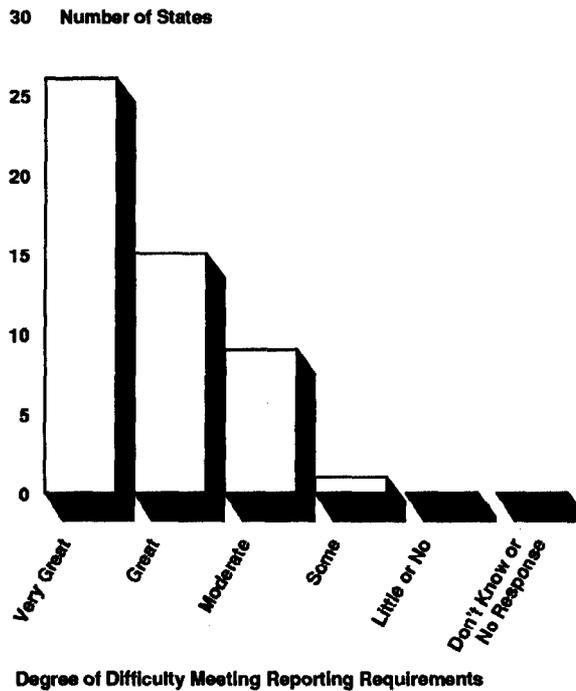
⁷ Although states are not required to report information concerning participants' scheduled and actual hours of attendance in JOBS activities, states will have to collect such data in order to report the number of countable participants.

follow-ups on employment retention and wages, and half of the states keep track of employment benefits such as health insurance. Only one state said it does not collect, or does not plan to collect, additional data beyond what is required.

States Cite Difficulties With Reporting Requirements

While HHS believes its JOBS reporting requirements are needed to comply with the act, all states but one indicated they had, or would have, trouble meeting the reporting requirements (see fig. 3.2). For example, Colorado officials said that the JOBS reporting requirements were burdensome. In addition, California officials said the purpose of some of the reporting requirements is unclear and believe that HHS is asking for more information than is necessary.

Figure 3.2: States' Reported Difficulty Meeting JOBS Reporting Requirements



HHS said that most of its JOBS reporting requirements do not go beyond what the Congress included in the act and are necessary to meet the act's requirements. HHS believes that the electronic transfer of some of the data it requires will (1) provide useful information to the Congress

and the executive branch of the federal government, (2) reduce the burden on states in meeting the act's reporting requirements, and (3) enhance the public understanding of JOBS. HHS has provided assistance to the states, which has generally been well received, but states have expressed a need for additional help (see pp. 41-42).

States Encounter Difficulties Developing Needed Information Systems for JOBS

HHS believes states will need automated information systems to operate their programs effectively and meet the new reporting requirements. At the time of our review, states' data collection systems and reporting capabilities varied greatly, and many states reported needing to make extensive changes to their existing systems to meet the reporting requirements. In addition, most states indicated encountering difficulties trying to develop information systems for JOBS.

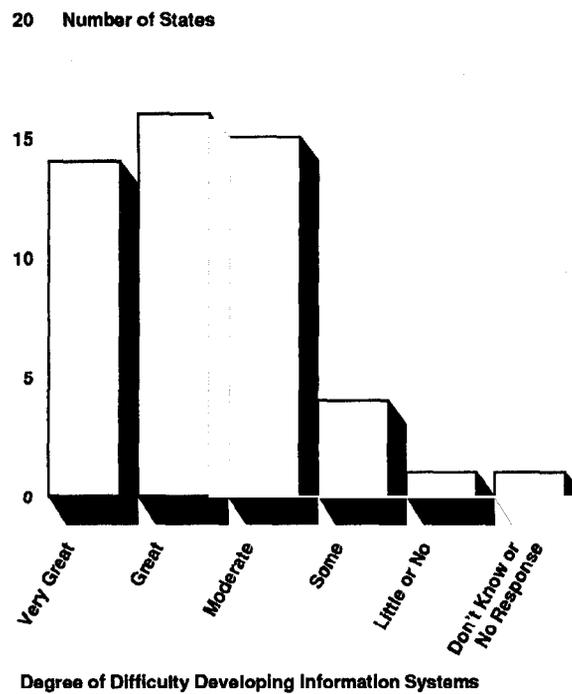
States' systems for collecting the data necessary to manage their JOBS programs and meet the reporting requirements varied greatly at the time of our review. Less than half of the states that had begun their JOBS programs before July 1990 reported having some sort of automated information system in use for these programs. Over one-fourth of the states reported that their states did not have automated systems for JOBS and that data were collected manually.

Nearly 90 percent of all states reported making, or having to make, "moderate" or greater changes to their current data collection activities and systems to meet the new JOBS reporting requirements; almost half reported "very great" changes. Included among these 45 states were those with existing automated information systems that also reported difficulties meeting the reporting requirements.

States also indicated that building a new system or converting an existing one to meet JOBS reporting requirements is not an easy task. As illustrated in figure 3.3, almost 90 percent of all states indicated they were experiencing, or were anticipating, difficulties in developing an information system for their JOBS programs. One reason for this is that system specifications were not in final form before states had to begin implementing JOBS. For example, South Carolina officials said that some of the difficulties they are experiencing in trying to build an automated system for JOBS are due to not having sufficient information from HHS. At the time we collected data, HHS was in the process of making final the electronic reporting requirements and the automated information systems design guidance. The electronic reporting requirements were made

final in March 1991, and the automated system design guidance was made final in July 1991.

Figure 3.3: States' Experienced or Expected Difficulty in Developing Information Systems for JOBS



States Want More Technical Assistance From HHS

To help states implement JOBS, HHS has provided technical assistance in a variety of forms, covering a wide range of subjects. Although states are for the most part satisfied with HHS's assistance, they indicated that they would like more help in some subjects that are causing difficulties.

Since passage of the act in October 1988, HHS headquarters and regional offices have provided operational assistance and policy guidance to the states through conferences, memorandums, field visits, and phone calls. Some of this assistance has been tailored to meet the specific needs of individual states. For example, an HHS headquarters official provided on-site assistance to a state that needed help in the reporting of participation rates. HHS has provided or offered other assistance to all states or a group of states with similar technical assistance needs. One example of the former is a conference that HHS held in November 1989 to explain

the final JOBS regulations and answer states' questions. Regional HHS officials have set up workshops to help states in their regions or have gone from state to state offering assistance.

Almost all states reported having received HHS's technical assistance on one or more aspects of JOBS, and a majority reported that they were generally pleased with the assistance they had received and the methods used by HHS. About 80 percent of the states indicated they had received help with the financial-reporting requirements, and about half reported receiving assistance on calculating and reporting participation rates and target group expenditures. Two-thirds of the states reported that HHS had provided them with help on child care issues, and just over half reported getting technical assistance concerning development of information systems for JOBS. Between 60 and 80 percent of the states that received technical assistance with these subjects were satisfied with HHS's help. In addition, over 70 percent of all states said they were satisfied with the following methods used by HHS to provide assistance: conferences, meetings, and workshops; telephone calls; on-site visits; and memorandums.

Although states were generally satisfied with the technical assistance that HHS provided, they indicated they wanted more, especially for those subjects that states had cited as causing difficulties. About two-thirds of the states wanted more assistance with calculating and reporting participation rates, and about half wanted more help with the financial reporting requirements as well as with calculating and reporting expenditures for the target groups. In addition, about 40 percent of the states wanted more assistance in developing information systems for JOBS, and about 30 percent wanted more information on child care issues.

HHS has begun to address some of these concerns. It continues to provide help directly and its contract with the National Alliance of Business provides additional technical assistance to the states.⁸ This 3-year, \$6 million contract is to provide assistance (1) in the development of information systems for JOBS, (2) to JOBS program managers, and (3) for service providers, such as JTPA and adult/vocational education agencies. State and local JOBS officials and other service providers, from both public and private organizations, will be assisted through conferences and workshops; on-site visits; training courses; and handbooks and other written products.

⁸Other federal departments involved in this contract are the U.S. Department of Labor and the U.S. Department of Education.

States' Progress May Be Slowed by Service Shortages, Limited Spending, and Poor Economic Conditions

Transforming the nation's AFDC program through JOBS into a system that focuses on moving individuals into employment and targets long-term recipients for services is likely to take a long time, even under the best of circumstances. States' progress in helping large numbers of JOBS participants become self-sufficient may be slowed by service shortages and limited state spending. Fiscal and other economic conditions external to JOBS could further slow states' progress.

Helping Large Numbers of JOBS Participants Become Self-Sufficient Will Take a Long Time

While states made rapid progress in establishing their programs and operating on a statewide basis, further progress in providing services to increasing proportions of welfare recipients and moving them off welfare will be a slow and long-term undertaking. In a 1986 report prepared for HHS, one researcher wrote that targeting the long-term recipients of AFDC is a long-term strategy and "must not be interpreted as a way to achieve sizable welfare savings in the short run."¹ Such a program, he noted, will have a substantial effect on welfare savings only in the long run. In addition, the Congressional Budget Office (CBO) expects the effect of the JOBS program on the number of AFDC recipients or on welfare spending to be modest in the near future. In a 1989 study, CBO estimated that in the 5-year period between 1989 and 1993, 50,000 families will leave AFDC as a result of JOBS, a 1.3-percent reduction in the number of AFDC families.²

Progress May Be Slowed by Service Shortages and Limited Spending

Service shortages and limited or reduced program spending adversely affect the JOBS program. Although it is too early to fully assess the implications of states' implementation difficulties, states indicated that service shortages are affecting their abilities to operate in certain areas and serve certain types of participants effectively. In addition, states' abilities to serve participants may be impaired by states' (1) spending at levels below those necessary to obtain all of the federal funds to which they are entitled and (2) reduced spending due to fiscal difficulties.

¹David Ellwood, "Targeting 'Would-Be' Long-Term Recipients of AFDC" (Prepared for the U.S. Department of Health and Human Services, Jan. 1986). David Ellwood is Professor of Public Policy at the John F. Kennedy School of Government, Harvard University.

²Congressional Budget Office, Work and Welfare: The Family Support Act of 1988, Staff Working Paper (Jan. 1989).

Service Shortages Make Operating JOBS and Serving Participants Difficult

As noted in chapter 3, states reported various service shortages for JOBS participants. States indicated that some of these shortages are making it difficult to operate JOBS in rural areas and to serve certain types of participants. Forty states cited rural areas as the most difficult in which to operate JOBS, and almost all reported service shortages as reasons. Thirty-nine of these states reported an insufficient supply of transportation as a reason it will be difficult to operate JOBS in rural areas. Other service-related reasons given include inadequate supplies of training or education services (33 states) and child care (29 states).

Insufficient supplies of various services also make it difficult for states to serve certain groups or types of participants. For example, 43 states reported that one or more service shortages make, or will make, it difficult to serve teen parents. An insufficient amount of infant care was cited by 36 states as a problem they have, or expect to have, in trying to serve teen parents. In addition, half of the states indicated an inadequate supply of appropriate educational activities made serving teen parents difficult, and 21 states cited shortages of other child care. Both state and local JOBS officials in South Carolina, for example, said one of the biggest problems they face in serving participants is insufficient literacy instruction, especially for younger JOBS participants.

Planned Spending Levels and Possible Reductions Could Impair States' Abilities to Operate JOBS and Slow Their Progress

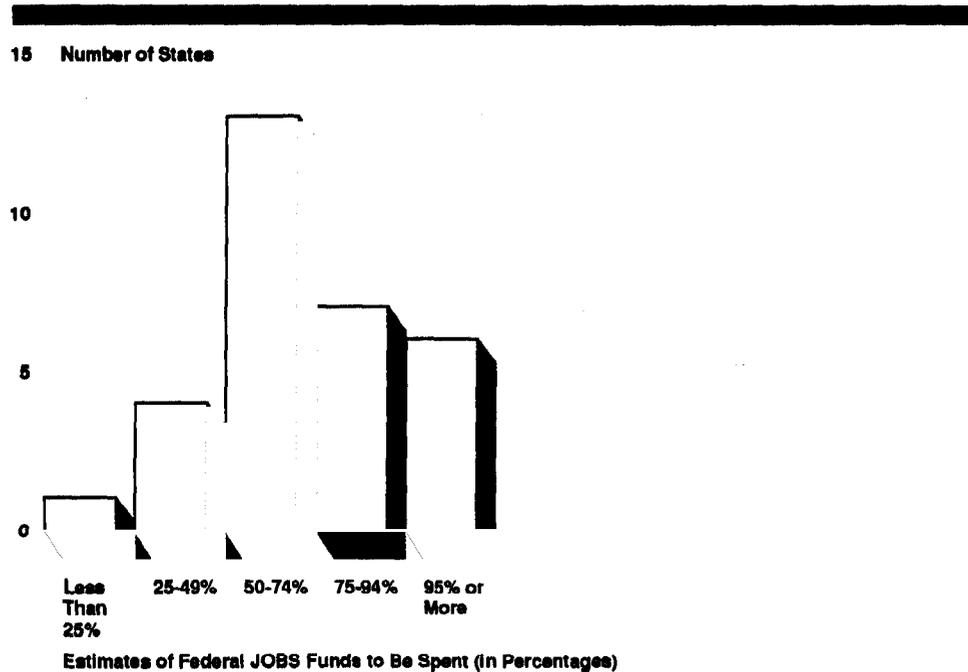
States' progress in helping participants become self-sufficient and avoid long-term welfare dependence may be slowed by states' planned levels of spending on JOBS and reductions to those levels. For fiscal year 1991, most states are not planning to spend enough state and local dollars to obtain all the federal funds to which they are entitled. In addition, many states are facing fiscal problems that could lead them to cut their spending on JOBS even further. Should these fiscal conditions continue, worsen in states already affected, or spread to other states, JOBS funds may be reduced even further. Such reductions to states' planned spending levels most likely mean that fewer participants will be served or fewer dollars will be spent on each participant.

For fiscal year 1991, about 38 percent, or nearly \$372 million, of federal JOBS funds available to the states are expected to go unused. States' estimates of federal JOBS funds they will spend in fiscal year 1991 range from 8 to 100 percent of state entitlements, with the average being 65 percent (see app. I). While some of the states that plan to spend less than their full federal entitlement have programs that are still being phased in, 18 of the 31 states that were operating statewide in fiscal

**Chapter 4
States' Progress May Be Slowed by Service
Shortages, Limited Spending, and Poor
Economic Conditions**

year 1991 planned to spend less than 75 percent of the federal JOBS funds available to them (see fig. 4.1).

Figure 4.1: Estimates of Available Federal JOBS Funds to Be Spent by 31 States With Statewide Programs (Fiscal Year 1991)



JOBS spending may be further limited by fiscal difficulties affecting many states. The National Governors' Association and the National Association of State Budget Officers recently noted that 29 states have had budget cuts proposed or enacted for their fiscal 1991 budgets after those budgets had been passed. Moreover, eight states were expected to enact 1992 budgets at levels lower than those in 1991.³

State budget shortfalls in Maine and California illustrate the effects that fiscal difficulties may have on states' JOBS budgets, participants, and service delivery. For example, a Maine JOBS official reported that the state cut almost \$950 thousand from its fiscal year 1991 JOBS funds of \$4.2 million, and she expects about \$700 thousand in state funds to be cut from the fiscal 1992 JOBS budget. She said that as a result of the 1991 cut, Maine had to stop enrollment of AFDC recipients in JOBS and

³Marcia A. Howard, *Fiscal Survey of the States: April 1991*, National Governors' Association and National Association of State Budget Officers (Washington, D.C., Apr. 1991).

place people on waiting lists to receive services. She emphasized that decreased funding for JOBS means fewer people in Maine will be served and the number of those who can become self-sufficient will be reduced. The official explained that those already in JOBS would continue to receive services; however, the budget cut would slow the influx of new participants and growth of the program.

In June 1991, JOBS officials in California were expecting a cut of at least 8 percent in state and federal funds that could be spent on JOBS for state fiscal year 1991-92. One official reported that funding difficulties for state fiscal year 1990-91 caused six counties to remove JOBS participants from activities they had already started. And while removing clients from active participation is not anticipated for state fiscal year 1991-92, the state official believed that most of California's 58 counties will drastically cut client intake for JOBS. In the 45 counties that contain 99 percent of the state's AFDC population, no or very few new participants will be brought into the JOBS program. The state official noted that at a time when California's AFDC rates are skyrocketing, its JOBS program will not be growing. And, he added, while participants in the program will receive the services they need, the number of participants served by JOBS in California is likely to decline over the next year.

Poor Economic Conditions May Slow States' Progress in Moving Participants out of JOBS and Into Employment

States' progress in moving JOBS participants into employment and off welfare once they complete their training may also be slowed by poor economic conditions. At the time states responded to our survey, most reported they already had, or expected to have, a shortage of employment opportunities for JOBS participants. Three-fourths of the states said the need for employment opportunities exceeded supply throughout the state. In addition, 32 states said employment opportunities were, or were expected to be, in short supply in urban areas. Employment shortages were cited in rural areas by 43 states, and 34 said it was difficult for them to operate their JOBS programs in rural areas due to an insufficient number of jobs for which people could be trained.

Unemployment rates were rising nationwide when we surveyed state JOBS directors. In the months that followed, unemployment continued to rise and overall economic growth slowed. As the national economy recovers, JOBS programs at the local level could still be confronted with insufficient employment opportunities for participants looking for work. Thus, even if AFDC recipients receive education and training, they may not be able to find employment that would allow them to move off the welfare rolls and become self-sufficient.

State Estimates of JOBS and Related Child Care Expenditures (Fiscal Year 1991)

Dollars in thousands

State	Date JOBS started	Date statewide	Federal JOBS funds available ^a
Alabama	4-90	7-92	\$9,983
Alaska	10-90	10-90	1,370
Arizona	10-90	6-92	8,536
Arkansas	7-89	7-89	5,532
California	7-89	7-89	160,446
Colorado	1-90	7-90	10,213
Connecticut	7-89	7-89	10,974
District of Columbia	4-90	4-90	4,565
Delaware	10-89	10-89	2,008
Florida	10-89	10-89	26,856
Georgia	7-89	^d	22,694
Hawaii	10-90	^d	4,194
Idaho	10-90	10-92	2,292
Illinois	4-90	4-90	53,494
Indiana	10-90	^d	13,185
Iowa	7-89	7-89	9,484
Kansas	10-89	10-92	6,682
Kentucky	10-90	10-92	14,954
Louisiana	10-90	^d	20,388
Maine	10-90	10-90	5,586
Maryland	7-89	7-89	16,798
Massachusetts	7-89	7-89	26,658
Michigan	7-89	7-89	62,834
Minnesota	7-89	7-89	16,172
Mississippi	10-90	10-92	12,691
Missouri	7-90	10-92	18,625
Montana	7-90	7-91	2,614
Nebraska	10-89	10-89	3,506
Nevada	7-89	7-92	1,943
New Hampshire	10-89	10-89	1,591
New Jersey	7-89	7-89	27,514
New Mexico	1-90	10-91	4,457
New York	10-90	10-90	87,106
North Carolina	10-90	7-92	18,635
North Dakota	4-90	4-90	1,234
Ohio	7-89	4-91	58,429

**Appendix I
State Estimates of JOBS and Related Child
Care Expenditures (Fiscal Year 1991)**

States' estimated JOBS expenditures			States' estimated JOBS-related child care expenditures		Estimated expenditures on JOBS and JOBS child care ^e
Federal (IV-F) ^b	Percent of federal funds states plan to use	State	Federal (IV-A)	State	
\$4,000	40%	\$1,500	\$3,000	\$1,000	\$9,500
744	54	741	2,302	2,302	6,890
9,672	100	9,672	2,099	1,400	22,842
5,600	100	2,333	2,800	927	11,660
118,500	74	89,900	14,300	14,300	239,700
4,332	42	2,143	2,901	2,512	11,888
10,488	96	7,548	3,356	3,356	24,748
3,458	76	1,820	e	e	5,278
1,000	50	475	1,118	1,118	3,710
14,211	53	9,155	19,195	16,019	58,581
7,304	32	4,265	9,061	5,874	26,504
4,322	100	1,998	170	170	6,660
2,040	89	898	853	509	4,300
28,960	54	18,150	3,265	3,265	53,639
5,600	42	4,100	e	e	9,700
5,432	57	2,744	954	556	9,696
4,442	66	3,418	2,709	1,274	11,843
14,094	94	9,903	2,630	977	27,604
13,282	65	6,181	7,715	2,643	29,821
5,200	93	4,035	800	400	10,735
11,300	67	6,300	e	e	17,600
25,000	94	18,000	14,500	14,500	72,000
23,200	37	17,180	5,500 ^f	5,500 ^f	51,380 ^f
10,055	62	7,965	500	436	18,955
6,330	50	1,327	2,945	739	11,342
4,091	22	1,051	e	e	5,142
1,300	50	700	1,400	600	4,000
1,530	44	1,530	4,599	2,782	10,440
555	29	262	732	732	2,281
1,351	85	756	1,008	1,008	4,123
26,445	96	23,509	4,995	4,995	59,944
1,600	36	600	504	196	2,900
57,500	66	40,000	28,600	28,600	154,700
13,682	73	8,757	1,600	1,600	25,639
928	75	433	553	237	2,152
20,906 ^f	36	14,354 ^f	3,315 ^f	2,216 ^f	40,791 ^f

(continued)

**Appendix I
State Estimates of JOBS and Related Child
Care Expenditures (Fiscal Year 1991)**

Dollars in thousands

State	Date JOBS started	Date statewide	Federal JOBS funds available^a
Oklahoma	7-89	7-89	8,899
Oregon	10-90	10-90	10,329
Pennsylvania	10-89	10-89	47,126
Rhode Island	7-89	7-89	4,448
South Carolina	10-89	7-91	8,291
South Dakota	10-89	10-89	1,372
Tennessee	10-90	10-90	17,113
Texas	10-90	^d	45,920
Utah	10-89	1-91	4,482
Vermont	10-90	10-90	2,896
Virginia	10-90	10-90	12,869
Washington	10-90	10-90	23,480
West Virginia	10-89	10-89	11,782
Wisconsin	7-89	7-89	23,378
Wyoming	7-90	10-92	1,355
Total^a			\$977,984

**Appendix I
State Estimates of JOBS and Related Child
Care Expenditures (Fiscal Year 1991)**

States' estimated JOBS expenditures			States' estimated JOBS-related child care expenditures		Estimated expenditures on JOBS and JOBS child care ^e
Federal (IV-F) ^b	Percent of federal funds states plan to use	State	Federal (IV-A)	State	
4,500	51	3,500	10,000	3,035	21,035
10,605	100	4,462	5,080	2,938	30,910
32,000	68	18,000	10,500	7,600	68,100
2,957	66	1,671	2,264	1,832	8,725
3,415	41	1,592	145	55	5,242
1,494	100	291	709	198	2,693
1,296	8	496	1,406	644	3,842
13,015	28	12,273	6,507	4,073	35,868
4,719	100	1,777	5,000	1,800	13,296
2,337	81	665	403	247	3,652
5,746	45	3,733	3,592	3,592	16,664
20,000	85	13,000	3,881	3,489	40,370
8,356	71	5,566	1,540	460	15,921
26,141	100	15,833	e	e	41,974
1,319	97	623	e	e	1,942
\$606,354		\$407,187	\$201,004	\$152,707	\$1,378,923

Note: Unless otherwise noted, expenditure estimates are from state responses to the survey that we mailed to the states on Aug. 30, 1990.

^aAvailable federal JOBS funds are mostly allocated to states on the basis of each state's AFDC population.

^bSome state estimates of federal funds to be used are greater than the amounts of federal dollars available. During the time of our survey, final data on federal funds available by state were not yet available. As of Aug. 1991, HHS estimates that the states will spend about \$667 million of federal JOBS funds for fiscal year 1991.

^cIncludes state spending that is ineligible to receive federal matching funds. For fiscal year 1991, 5 states spent almost \$9 million in unmatched state funds on JOBS (1 state accounted for about \$7.8 million of these additional funds) and 1 state spent about \$2.7 million in unmatched state funds on JOBS-related child care.

^dState responded "Don't know" when asked when the program would go statewide as defined by the Department of Health and Human Services's regulations.

^eState did not provide child care data.

^fData were estimated from other funding data provided by the state.

^gTotals may not add due to rounding.

Comments From the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

AUG 16 1991

Mr. Joseph F. Delfico
Director, Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Delfico:

Enclosed are the Department's comments on your draft report, "Welfare to Work: States Begin JOBS, but Fiscal and Other Problems Imperil Their Future." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

The Department's Administration for Children and Families commends the General Accounting Office staff for producing a complementary and generally positive report on early implementation of the Job Opportunities and Basic Skills Training program.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "R. Kusserow".

Richard P. Kusserow
Inspector General

Enclosure

Appendix II
Comments From the Department of Health
and Human Services

COMMENTS OF THE DEPARTMENT OF HEALTH, AND HUMAN SERVICES ON THE
U.S. GENERAL ACCOUNTING OFFICE'S REPORT, "WELFARE TO WORK:
States Begin JOBS, but Fiscal and Other Problems Imperil Its
Future".

General Comments

The GAO review identified the philosophical changes in the way States are viewing welfare and how the emphasis in self-sufficiency and avoidance of welfare dependence is being given greater emphasis. However, the use of "sweeping" may be overstating the type and extent of change.

The report talks about the need to collect cost data from providers for targeting purposes (pp. 7 and 53). We would like to point out that such data are necessary only when JOBS funds are used to pay for the services. Furthermore, depending upon the methodology the State uses to calculate component costs and the types of services provided, it might be sufficient to know only the total amount paid to a provider under the contract; the IV-A agency would have to collect that information for other purposes.

In addition, Appendix I contains FY 1991 estimates of the Federal share of JOBS and JOBS-related child care expenditures. It shows that State estimates for JOBS for States, not Territorial or Tribal grantees, are approximately \$606 million. With the issuance of fourth quarter grant awards (which are based on States' requests for funds), ACF figures indicate that States now estimate that they will be claiming approximately \$667 million for FY 1991. We believe that this is a significant difference.

Technical Comments

p. 15: The report might indicate that welfare-to-work programs were criticized in the 1970s, as well as 1980s, even though the criticism was probably more significant in the 1980s.

p. 15: Paragraph 2: We recommend that the research findings from the 1980s welfare-to-work evaluation studies be stated more precisely. Beginning on line 6: "Evaluations involving random assignment to treatment and control groups in several States, however, demonstrated that the welfare-to-work programs of the 1980s produced modest net increases in earnings and employment for AFDC recipients and some welfare cost savings for taxpayers. Positive effects were greater for persons with employment barriers than for those considered the most employable. Research also showed that the most disadvantaged recipients did not realize

Now on pp. 4 and 35.

Now on p. 11.

Now on p. 11.

Appendix II
Comments From the Department of Health
and Human Services

Page 2

consistent or large earning gains from low-cost programs providing primarily job search assistance, although this subgroup produced a major share of the welfare savings from such programs." We also recommend that the Manpower Demonstration Research Corporation research, upon which these findings are based, be referenced in a footnote.

Now on p. 12.

p. 17: We would specify that the "Before JOBS" sections on participation and targeting requirements reflected policies "under WIN".

Now on p. 13.

p. 19: The last sentence, first paragraph, states that "JOBS policy guidance also emphasizes the importance of educational activities..." We are not sure what this refers to, and we suggest referring to the statute, if appropriate.

Now on p. 13.

p. 19: Middle of the first paragraph, we would delete the phrase "each month" from the phrase following "(1)"; monthly participation is a factor in determining participation in the first years of JOBS, but there is not a monthly requirement.

Now on p. 15.

p. 22: Footnote 6, should refer to ACF as an agency, not a division.

Now on p. 15.

p. 23: As is noted here, information from 20 of the 50 States is prospective, i.e., it reflects their expectations rather than their real experiences with implementing and operating JOBS. This distinction should be restated in later analyses sections. GAO states that since the experience of the States that had implemented JOBS closely resembled the expectations of the States that implemented JOBS later, they combined the results. However, the expectations of the later States could be heavily influenced by what they have learned about the experiences of the States that implemented earlier, and may not reflect what the later implementing States actually will experience.

Now on pp. 19-20.

p.27-29: According to the text and tables, some State JOBS costs that were not subject to a Federal match are included in the total \$1.4 billion estimate of JOBS cost. However, other program resources spent on JOBS clients, including services from JTPA and adult basic education agencies were not included. What was the definition of JOBS expenditures States were asked to report and what costs were not included or not available? We wonder if the definitions used were consistent across the States.

Appendix II
Comments From the Department of Health
and Human Services

Now on p. 20.

Now on p. 24.

Now on p. 36.

Now on p. 26.

Now on pp. 26-27.

Now on pp. 26-27 and 31.

Now on pp. 27-28.

Now on p. 28.

Page 3

- p. 29: Second line of the note runs off of the page.
- p. 33: First full paragraph, 3rd sentence: This sentence does not accurately describe the JOBS hourly participation requirement. We recommend that it be rewritten to say, "States must place a certain proportion of individuals in required or optional JOBS activities that, averaged over all of the individuals, must be at least 20 hours a week." The footnote on page 54 should be used as a footnote here to explain the standard more clearly.
- p. 36: At the end of the footnote, should add the parenthetical ("unless the State receives a waiver").
- p. 37: The sentence beginning "However, States may choose..." suggests there are two program models: one which stresses upfront job search and the other which stresses education and training. While many States may now report a shift to the latter approach, we do not believe that it is to the total exclusion of other short-term activities when they are appropriate for certain individuals. Indeed, one of the criticisms by many States of the 20-hour rule was the mistaken belief that it excluded less intensive activities for those for whom they were appropriate.
- We think it is especially important not to refer to what the "administration" believes.
- p.37;45: Page 37 describes in general terms what services States offer, while page 45 describes what services States are specifically required to offer under JOBS. The description of what services the JOBS program requires States to offer should appear in this earlier discussion because it helps explain why so many States have changed their program focus.
- p. 39: The last paragraph talks about JOBS funding for child care. This could be confusing to the reader. It is not part of the same appropriations account as JOBS. Within the Department's 1991 appropriation (P.L.101-517), Congress provided funding for JOBS purposes distinct from funding for other title IV purposes.
- p. 40: The third sentence in the first paragraph says several States want to share information with other States about their teen parent programs. We would be glad to facilitate this if GAO would tell us which States.

Appendix II
Comments From the Department of Health
and Human Services

Now on p. 29.

Page 4

p. 40: The second paragraph talks about JOBS program design flexibility and the targeting of teenagers in JOBS. There is an important distinction between teen parents and teenagers in general that is needed in this discussion. While teens age 16-18 who are not in school must participate in JOBS or risk being sanctioned, it is teen parents who are given special emphasis in the law.

Now on p. 31.

p. 45: Last line, first paragraph should add a comma after training so that readers do not assume that work experience is a subsidized employment opportunity.

Now on p. 36.

p. 54: Footnote #4 says that States must schedule enough individuals in activities lasting 20 or more hours a week to balance out those who participate fewer than 20 a week. This is not entirely correct. Once the State has met the specified participation standard, other individuals participating fewer than 20 hours a week would not adversely affect the State's overall participation rate computation even if their scheduled hours resulted in an overall average of less than 20 hours per week.

Now on p. 36.

p. 55: Top paragraph, the last sentence says that Michigan said it is very difficult to achieve the 20-hour rule by scheduling enough participants in 20-hour-per-week components to offset participants in under-20-hour components. As written, this makes it seem as if Michigan has a problem meeting the requirement. As we understand their policy, they have no apparent problem: they reject placements at fewer than 20 hours per week.

Major Contributors to This Report

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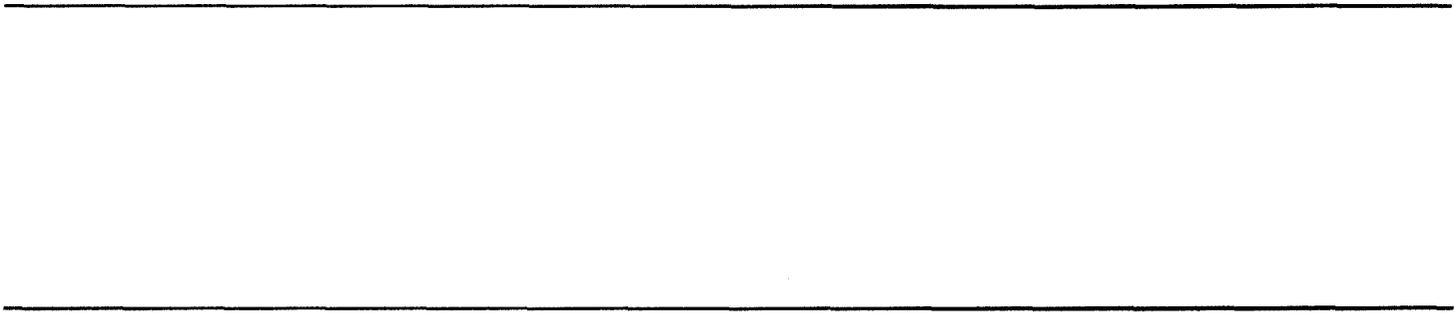
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